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READ INSTRUCTIONS CAREFULLY  
BEFORE PROCEEDINGFEDERAL COMMUNICATIONS COMMISSION  
REMITTANCE ADVICEApproved by OMB  
3060-0589  
Page 1 of 1

(1) LOCK BOX # <b>358145</b>			
<b>SECTION A - PAYER INFORMATION</b>			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) <b>Hogan &amp; Hartson L.L.P.</b>		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) <b>\$895.00</b>	
(4) STREET ADDRESS LINE NO. 1 <b>555 Thirteenth Street, NW</b>			
(5) STREET ADDRESS LINE NO. 2			
(6) CITY <b>Washington</b>		(7) STATE <b>DC</b>	(8) ZIP CODE <b>20004-1109</b>
(9) DAYTIME TELEPHONE NUMBER (include area code) <b>202-637-</b>		(10) COUNTRY CODE (if not in U.S.A.)	
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>			
(11) PAYER (FRN) <b>0003-7278-72</b>			
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME <b>ITC DeltaCom, Inc.</b>			
(14) STREET ADDRESS LINE NO. 1 <b>4092 South Memorial Parkway</b>			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY <b>Huntsville</b>		(17) STATE <b>AL</b>	(18) ZIP CODE <b>35802</b>
(19) DAYTIME TELEPHONE NUMBER (include area code) <b>256-382-3900</b>		(20) COUNTRY CODE (if not in U.S.A.)	
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>			
(21) APPLICANT (FRN) <b>0007-3515-54</b>			
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE <b>CUT</b>	(25A) QUANTITY <b>1</b>	
(26A) FEE DUE FOR (PTC) <b>\$895.00</b>	(27A) TOTAL FEE <b>\$895.00</b>		
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE		
(28B) FCC CODE 1		(29B) FCC CODE 2	
<b>SECTION D - CERTIFICATION</b>			
<b>CERTIFICATION STATE</b> I, _____ the best of my knowledge, in SIGNATURE _____  ACCOUNT NUMBER <u>4</u> I hereby authorize the FCC SIGNATURE <u>C</u>			

JARY 2003(REVISED)

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of

**ITC^DELTACOM, INC. and  
NETWORK TELEPHONE CORPORATION**

Application Pursuant to Section 214 of the  
Communications Act of 1934 and  
Section 63.24 of the Commission's Rules for  
Consent to the Transfer of Control of Network  
Telephone Corporation to ITC^DeltaCom, Inc.

and

Application Pursuant to Section 214 of the  
Communications Act of 1934 and  
Section 63.04 of the Commission's Rules for  
Consent to the Transfer of Control of Network  
Telephone Corporation to ITC^DeltaCom, Inc.

File No. ITC-T/C-2004\_\_\_\_\_

WC Docket No. 04-\_\_\_\_

*Attention: International Bureau and Wireline Competition Bureau*

**JOINT INTERNATIONAL AND DOMESTIC APPLICATION  
FOR TRANSFER OF CONTROL**

Pursuant to section 214 of the Communications Act of 1934, as amended (the "Act"), and sections 63.04 and 63.24 of the Commission's rules, this Application seeks Commission approval to transfer control of Network Telephone Corporation ("NTC") to ITC^DeltaCom, Inc. ("ITCD"). NTC holds authority to provide domestic and international telecommunications services pursuant to section 214 of the Act.

On September 8, 2004, ITCD and NT Corporation ("NT Corp."), the parent of NTC, entered into an agreement and plan of merger ("Merger Agreement")

pursuant to which ITC has agreed to acquire all of the outstanding shares of NT Corp. in exchange for newly-issued shares of ITCD common stock. The transaction will result in a change in control of NTC, which will become a wholly-owned subsidiary of ITCD. This Application seeks Commission approval to transfer control of NTC to ITCD.<sup>1</sup>

ITCD, through its three operating subsidiaries – Interstate FiberNet, Inc. (“FiberNet”), Business Telecom, Inc. (“BTI”), and ITC^DeltaCom Communications, Inc. (“DeltaCom”) – provides integrated telecommunications and technology services to businesses and consumers in the southeastern United States. ITCD has a fiber optic network that currently spans approximately 14,500 route miles, including more than 10,900 route miles of owned fiber, and offers a comprehensive suite of voice and data communications services, including local, long distance, enhanced data, Internet, colocation, and managed services. ITCD operates approximately 30 voice switches and 75 data switches and is one of the largest competitive telecommunications providers in its primary eight-state region.

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<sup>1</sup> ITCD also is a party to a separate and concurrently-filed Joint International and Domestic Application for Transfer of Control in connection with its acquisition of Florida Digital Network, Inc. (“FDN Inc.”), which, for reasons discussed in that Application, will result in a transfer of control of both FDN Inc. and ITCD. FDN Inc. and its affiliate Southern Digital Network, Inc., operate under FDN Inc.’s section 214 authorization and do business as “FDN Communications.” ITCD does not expect its issuance of new common stock in connection with its acquisition of NT Corp. alone to result in a transfer of control of ITCD or to create any new ten percent or greater shareholders in ITCD. Consummation of the Merger Agreement between ITCD and NT Corp. is contingent upon consummation of the transaction between ITCD and FDN Inc. Therefore, to the extent this Application provides affiliate and ownership information for the post-transaction company, that

As a result of this transaction, NT Corp. will become a wholly-owned direct subsidiary of ITCD.

NT Corp. is the parent of NTC, which holds authority to provide domestic and international telecommunications services pursuant to section 214 of the Act. This Application seeks authority for the transfer of control of NTC to ITCD.

Grant of this Application will serve the public interest, convenience, and necessity. By merging the resources, assets and customer bases of the ITCD operating subsidiaries, on the one hand, and NTC, on the other hand, the post-transaction company will become a stronger competitor in the marketplace for local, interstate, and international telecommunications services, high-speed data services,

NTC serves more than 17,000 small business customers with phone and Internet services, including local, long distance, high-speed Internet, web-hosting, data back-up, virtual private networking service, and conferencing. NTC operates primarily in the southern portion of the United States.

The proposed transaction will combine the resources, assets, and customer bases of the ITCD operating subsidiaries and NTC to create a stronger competitor in the marketplace for local exchange, interexchange, and international telecommunications services, as well as other services. The transaction will provide the combined company with greater market penetration in the southern and southeastern portions of the United States, and will enable it to offer consumers a wide array of services, which will serve the public interest.

#### **I. DESCRIPTION OF THE TRANSACTION**

On September 8, 2004, ITCD and NT Corp. entered into a Merger Agreement pursuant to which ITCD agreed to acquire all of the outstanding shares of capital stock of NT Corp. in exchange for shares of newly-issued common stock in ITCD. To effectuate the transaction, ITCD has created a new wholly-owned subsidiary that will be merged with and into NT Corp. Upon consummation of the merger, the separate existence of ITCD's new wholly-owned subsidiary will cease and NT Corp. will continue in existence as the surviving corporation in the merger.

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information assumes that the transaction between ITCD and FDN Inc. will be consummated prior to the transaction between ITCD and NT Corp.

As a result of this transaction, NT Corp. will become a wholly-owned direct subsidiary of ITCD.

NT Corp. is the parent of NTC, which holds authority to provide domestic and international telecommunications services pursuant to section 214 of the Act. This Application seeks authority for the transfer of control of NTC to ITCD.

Grant of this Application will serve the public interest, convenience, and necessity. By merging the resources, assets and customer bases of the ITCD operating subsidiaries, on the one hand, and NTC, on the other hand, the post-transaction company will become a stronger competitor in the marketplace for local, interstate, and international telecommunications services, high-speed data services, and other services. The customers of the ITCD operating entities and NTC will benefit from the combined company's improved resources and assets, which will help ensure continuity of service and enhance the ability of each of the operating subsidiaries to offer a broader range of innovative products and services to customers. The parties expect that this transaction (together with ITCD's acquisition of FDN Inc.) will contribute to annualized cost savings for the combined company of approximately \$25 to \$30 million within 18-24 months of the transaction's closing, with \$20 million in cost savings expected to be realized within the first 12 months of the closing. The proposed transaction therefore will strengthen the ability of the post-merger company to offer services in competition with other providers, including incumbent local exchange carriers, in their operating areas. Grant of this Application will promote competition in the local

exchange, interexchange, and international telecommunications markets, and will serve the public interest.

## **II. INFORMATION REQUIRED BY SECTION 63.24**

This Application seeks authority to transfer control of NTC, which holds authority pursuant to section 214 of the Act to provide domestic interstate and international telecommunications service, to ITCD. Section 63.24(e)(2) of the Commission's rules requires that an application for a substantial transfer of control of a carrier holding international section 214 authority include the following information, as described in section 63.18:

- (a) The name, address and telephone number of the transferor is:

NT Corporation  
3300 North Pace Boulevard  
Pensacola, FL 3250  
Phone: (850) 432-4855

The name, address and telephone number of the transferee is:

ITC^DeltaCom, Inc.  
1791 O.G. Skinner Drive  
West Point, GA 31833  
Phone: (706) 385-8000

The name, address and telephone number of the carrier holding section 214 authority that is being transferred is:

Network Telephone Corporation  
3300 North Pace Boulevard  
Pensacola, FL 3250  
Phone: (850) 432-4855

- (b) ITCD and FiberNet are Delaware corporations. BTI is a North Carolina corporation. DeltaCom is an Alabama corporation. NTC is a Florida corporation.

- (c) Correspondence concerning this Application should be addressed to:

For NTC:

Danyelle Kennedy  
Chief Financial Officer  
Network Telephone Corporation  
3300 North Pace Boulevard  
Pensacola, FL 32350  
Phone: (850) 432-4855  
E-mail: [danyelle.kennedy@networktelephone.net](mailto:danyelle.kennedy@networktelephone.net)

With copies to:

Margaret Ring  
Director of Regulatory  
3300 North Pace Boulevard  
Pensacola, FL 32350  
Phone: (850) 465-1748  
Fax: (850) 432-0218  
E-mail: [margaret.ring@networktelephone.net](mailto:margaret.ring@networktelephone.net)

For ITCD:

J. Thomas Mullis  
Senior Vice President-Legal and Regulatory  
ITC^DeltaCom, Inc.  
7307 Old Madison Pike, Suite 400  
Huntsville, AL 35806  
Phone: (256) 382-3842  
Fax: (256) 382-3936  
E-mail: [tmullis@itcdeltacom.com](mailto:tmullis@itcdeltacom.com)

With copies to:

Nanette Edwards  
Director Regulatory  
ITC^DeltaCom, Inc.  
7037 Old Madison Pike, Suite 400  
Huntsville, AL 35806  
Phone: (256) 382-3856  
Fax: (256) 382-3936  
E-mail: [nedwards@itcdeltacom.com](mailto:nedwards@itcdeltacom.com)



and

Yaron Dori  
Hogan & Hartson L.L.P.  
555 13<sup>th</sup> Street N.W.  
Washington, D.C. 20004-1109  
Phone: (202) 637-5458  
Fax: (202) 637-5910  
E-mail: [ydori@hhlaw.com](mailto:ydori@hhlaw.com)

(d) FiberNet, BTI, DeltaCom, and NTC each hold domestic and international authority pursuant to section 214 of the Act.

The authority held by FiberNet was originally granted to Eastern Telecom, Inc., in File No. ITCD-93-279, and the Commission approved a pro forma assignment of the authorization to FiberNet in 1997. *See* File No. ITC-ASG-19970915-00552.

The authority held by BTI was originally granted in File No. ITC-88-120 for international resale service in 1988, and File No. ITC-95-404 for authority to acquire and operate facilities for service to various overseas points in 1995.

The authority held by DeltaCom was originally granted to DeltaCom, Inc., in File No. ITC-94-385. DeltaCom, Inc., subsequently changed its name to ITC^DeltaCom Communications, Inc. *See* Letter of Nanette S. Edwards to Magalie Roman Salas dated February 26, 1998.

In October 2002, the Commission authorized the transfers of control of FiberNet and DeltaCom that resulted from ITCD's entry into and emergence from Chapter 11 bankruptcy protection. *See* File Nos. ITC-T/C-20020810-00469, ITC-T/C-20020810-00468, ITC-T/C-20020813-00471, ITC-T/C-20020917-00470.<sup>2</sup>

In August and September 2003, the Commission authorized the transfer of control of FiberNet and DeltaCom that resulted from the acquisition by Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P. (together, "Welsh Carson") of a majority interest in ITCD. *See* File Nos. ITC-T/C-20030708-00336, ITC-94-385, ITC-T/C-20020810-00469, ITC-T/C-20020813-00471, SES-T/C-20030708-00987; *see also* *FCC Public Notice*, 18 FCC Rcd 18210 (2003).

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<sup>2</sup> This action pre-dated ITCD's relationship with BTI, which explains why the license held by BTI was not subject to these proceedings.

Welsh Carson, through various limited partnerships, holds majority interests in two telecommunications companies subject to FCC jurisdiction not already covered in this Application. Welsh Carson is a majority shareholder in the publicly traded Centennial Communications Corporation ("Centennial"), a provider of wireless rural telephone systems in the continental United States, and a provider of integrated communications services in the Caribbean, including the islands of Puerto Rico and the U.S. Virgin Islands.<sup>3</sup> Centennial holds international section 214 authority pursuant to File Nos. ITC-214-19970923-00579 and ITC-214-20000817-00545. Welsh Carson is also a majority investor in the privately held Valor Telecommunications L.L.C. ("Valor"), an independent local exchange company offering services in primarily rural exchange areas within the states of Texas, Oklahoma and New Mexico.<sup>4</sup> Valor holds a section 214 authorization for international resale. See File No. ITCD-214-20000719-00451.

The authority held by NTC was granted on March 12, 1998, in File No. ITC-214-19981228-00911. On August 18, 2004, NTC filed an application seeking Commission consent for the transfer of control of NTC pursuant to a series of financing transactions. On September 22, 2004, NTC filed a request for Special Temporary Authority in connection with the subject of its August 18th application. These filings are pending.

Responses (e) through (g) are not applicable to this Application.

(h) The following are the names, addresses, citizenship, and principal businesses of any person or entity that will directly or indirectly own at least ten percent of the equity of the applicants. (For purposes of clarity, we also list below the authorized carriers these ten percent or greater equity holders shall own.) There will be no interlocking directorates with any foreign carrier.

**ITC^DeltaCom, Inc.**

Address: 1791 O.G. Skinner Drive, West Point, GA 31833

Citizenship: United States

Principal business: Telecommunications (Holding Company)

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<sup>3</sup> Centennial has approximately 540,000 rural wireless customers in the continental United States (Michigan, Indiana, Ohio, Mississippi, Louisiana, and east Texas, with minority investments in two small systems in Pennsylvania and California) and approximately 366,500 wireless customers in the Caribbean (Puerto Rico, the U.S. Virgin Islands, and the Dominican Republic). Wireline services in the Caribbean include telephony, data, Internet and video.

<sup>4</sup> Valor serves over 500,000 customers in mostly rural communities. In addition to local services, the company offers long distance services, wireless services, and information services.

Relationship: 100 percent direct parent of FiberNet and BTI; 100 percent indirect parent of DeltaCom; <sup>5</sup> anticipated 100 percent direct parent of NTC (and FDN Inc.).

**Interstate FiberNet, Inc.**

Address: 1791 O.G. Skinner Drive, West Point, GA 31833

Citizenship: United States

Principal business: Telecommunications

Relationship: Authorized carrier; 100 percent direct parent of DeltaCom <sup>6</sup>

**ITC^DeltaCom Communications, Inc.**

Address: 4092 South Memorial Parkway, Huntsville, AL 35802

Citizenship: United States

Principal business: Telecommunications

Relationship: Authorized carrier

**Business Telecom, Inc.**

Address: 4300 Six Forks Road, Raleigh, NC 27609

Citizenship: United States

Principal business: Telecommunications

Relationship: Authorized carrier

**Network Telephone Corporation**

Address: 330 North Pace Boulevard, Pensacola, FL 32505

Citizenship: United States

Principal Business: Telecommunications

Relationship: Authorized Carrier

**M/C Venture Partners V, L.P.**

**Media/Communications Partners III Limited Partnership**

**Chestnut Venture Partners, L.P.**

**M/C Investors, L.L.C.**

Address: 75 State Street, Suite 2500, Boston, MA 02109

Citizenship: United States

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<sup>5</sup> Concurrently with, or following, consummation of the transaction that is the subject of this Application, ITCD intends to undergo a *pro forma* internal reorganization whereupon ITCD will become the 100 percent direct parent of DeltaCom. Pursuant to sections 63.03(d) and 63.24(d) of the Commission's rules, prior Commission would not be required to effectuate this *pro forma* internal reorganization.

<sup>6</sup> See *supra*, note 5.

**Principal Business:** Private investment partnerships

**Relationship:** Will own an amount of ITCD common stock representing approximately 18 percent of the voting power represented by the outstanding shares of ITCD common stock and preferred stock following consummation of the transaction that is the subject of this Application

The sole general partner of M/C Venture Partners V, L.P., which was formed under the laws of Delaware, is M/C VP V L.L.C.. The managing members and/or shareholders of M/C VP V L.L.C. are James F. Wade, Peter H.O. Claudy, David D. Croll, Matthew J. Rubins, John W. Watkins, John O. Van Hooser, John P. Ward, Neil N. Sheth, Peter A. Schober, Joseph S. Monaco, Russell T. Pyle, Andrin Bachmann, and Gillis S. Cashman.

The sole general partner of Media/Communications Partners III Limited Partnership, which was formed under the laws of Delaware, is M/C III L.L.C. The managing members and/or shareholders of MC III L.L.C. are David D. Croll, James F. Wade, Stephen F. Gormley, Christopher S. Gaffney, and John G. Hayes.

The sole general partner of Chestnut Venture Partners, L.P., which was formed under the laws of Delaware, is Chestnut Street Partners, Inc. The managing members and/or shareholders of Chestnut Street Partners, Inc., are David D. Croll, James F. Wade, and Peter H.O. Claudy.

M/C Investors, L.L.C., which was formed under the laws of Massachusetts, does not have a sole general partner. Its managing members and/or shareholders are James F. Wade, David D. Croll, Stephen F. Gormley, Christopher S. Gaffney, and John G. Hayes.

The address of each of the above entities is 75 State Street, Suite 2500, Boston, Massachusetts 02109. With the exception of Messrs. Schober and Bachmann, who are Austrian and Swiss citizens, respectively, each of the managing members and/or shareholders identified above are U.S. citizens. Messrs. Schober and Bachmann do not hold any voting rights and hold less than a five percent interest in M/C VP V L.L.C. Thus, Messrs. Schober and Bachmann will not hold an indirect voting interest in ITCD and their collective indirect equity ownership interest in ITCD will be *de minimis*.

The limited partners of M/C Venture Partners V, L.P., M/C Investors, L.L.C., Media/Communications Partners III Limited Partnership, and

Chestnut Venture Partners, L.P., consist of institutional or other investors. Based on the Commission's methodology for determining indirect interest in communications companies, none of the limited partners in these entities will hold 10 percent or more of the equity of ITCD.

**Welsh, Carson, Anderson & Stowe VIII, L.P.**

**WCAS Capital Partners III, L.P.**

**WCAS Information Partners, L.P.**

Address: 320 Park Avenue, Suite 2500, New York, NY 10022-6815

Citizenship: United States (Delaware limited partnerships)

Principal business: Private investment partnerships

Relationship: Will own an amount of ITCD common stock and preferred stock representing approximately 37 percent of the voting power represented by the outstanding shares of ITCD common stock and preferred stock following consummation of the transaction that is the subject of this Application <sup>7</sup>

The sole general partner of Welsh, Carson, Anderson & Stowe VIII, L.P., is WCAS VIII Associates, L.L.C. The sole general partner of WCAS Capital Partners III, L.P., is WCAS CP III Associates L.L.C. The sole general partner of WCAS Information Partners, L.P., is WCAS Info Partners, L.P. Each of those general partners was formed under the laws of Delaware, and their address is 320 Park Avenue, Suite 2500, New York, New York 10022-6815. The managing members of the general partners are U.S. citizens. The managing members are Patrick J. Welsh, Russell L. Carson, Bruce K. Anderson, Robert A. Minicucci, Anthony J. deNicola, Paul B. Queally, D. Scott Mackesy, Sanjay Swani, Jonathan M. Rather, John D. Clark, Thomas E. McInerney, James R. Matthews, John Almeida, Jr., and Sean M. Traynor.

The limited partners of Welsh Carson consist of institutional or other investors. Based on the Commission's methodology for determining indirect interest in communications companies, none of the limited partners in Welsh Carson will hold 10 percent or more of the equity of ITCD.

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<sup>7</sup> The foregoing percentage of voting power and all references herein to Welsh Carson's ownership interest in ITCD common stock and preferred stock include (but are not limited to) the voting power and ownership interest that the individual managing members of the general partners of the Welsh Carson entities control or will control in the aggregate in personal accounts separate from any Welsh Carson holdings.

(i) ITCD certifies that it is not, and following the proposed transaction will not be, affiliated with any foreign carrier within the meaning of section 63.09(d) and (e).

(j) The Applicants certify that they do not seek authority to provide service to any country described in paragraphs (1) through (4) of section 63.18(j).

(k) Not applicable.

(l) Not applicable.

(m) Not applicable.

(n) ITCD certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

(o) ITCD and NTC certify with respect to each entity within their control and pursuant to sections 1.2001 through 1.2003 of the Commission's rules that no party to the Application is subject to a denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

(p) This international section 214 Application qualifies for streamlined processing pursuant to section 63.12 because the applicants are not affiliated with any foreign carriers; are not affiliated with any dominant U.S. carriers whose international switched or private line services the applicant seeks authority to resell; and do not seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines. This Application therefore should be granted, pursuant to section 63.12(a), fourteen days after the date of public notice listing this Application as accepted for filing.

### **III. ADDITIONAL INFORMATION REQUIRED BY SECTION 63.04**

This Application seeks Commission consent to transfer control of NTC, which holds authority to provide domestic and international telecommunications services pursuant to section 214 of the Act. Pursuant to section 63.04(b) of the Commission's rules, the parties submit the following information in support of this Application in response to items 6 through 12 of section 63.04(a):

(6) As set forth in section I above, this Application seeks Commission consent to transfer control of NTC to ITCD. Specifically, the Application seeks consent for ITCD to acquire all of the outstanding shares of capital stock of NTC in exchange for shares of newly-issued common stock in ITCD. To effectuate this transaction, ITCD has created a new wholly-owned subsidiary that will be merged with and into NT Corp. Upon the consummation of the merger, the separate existence of ITCD's new wholly-owned subsidiary will cease and NT Corp. will continue in existence as the surviving corporation in the merger. As a result of this transaction, NTC will become a wholly-owned subsidiary of ITCD. ITCD, in turn, will be held by a number of entities, including the former shareholders of NT Corp., with no entity holding a controlling majority of the voting power represented by the outstanding shares of ITCD common stock and preferred stock.

(7) ITCD, through its operating subsidiaries, provides integrated communications services in the southeastern United States. ITCD delivers a comprehensive suite of voice and data communications services, including local exchange, long distance, enhanced data, Internet, colocation, and managed services. ITCD offers these services primarily over its owned network facilities and also uses leased network facilities to extend its market coverage. In addition, ITCD owns, operates and manages an extensive fiber optic network with significant transmission capacity that it uses for its own voice and data traffic and selectively sells to other communications providers on a wholesale basis. ITCD believes that it is the largest facilities-based competitive provider of integrated communications services in its primary eight-state market, which encompasses Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

NTC serves more than 17,000 small business customers with phone and Internet services, including local, long distance, high-speed Internet, web-hosting, data back-up, virtual private networking service, and conferencing. NTC operates primarily in the southern portion of the United States, and has offices in Alabama, Mississippi, Florida, Georgia, Louisiana, Kentucky, North Carolina, and Tennessee.

(8) This Application qualifies for streamlined processing under section 63.03(b)(2)(i) because the transferee will have a market share in the interstate interexchange market of less than 10 percent, the transferee will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the proposed transaction, and no party to this Application is dominant with respect to any service. To the extent Welsh Carson is considered a co-applicant here and its majority interest in Valor renders Welsh Carson a "dominant carrier" under section 63.03(b) of the Commission's rules, this Application qualifies for streamlined processing under section 63.03(b)(2)(ii) because NTC, the carrier being acquired in the transaction that is the subject of this Application, operates exclusively outside of

Arkansas, Oklahoma, New Mexico, and Texas, the geographic areas in which Valor is dominant in its provision of local telephone service.

(9) As noted above, consummation of the Merger Agreement between ITCD and NT Corp. is contingent upon consummation of a Merger Agreement between ITCD and FDN Inc., for which the parties have submitted two related applications to the Commission for approval.<sup>8</sup> Although these two applications are not directly related to the transaction between ITCD and NT Corp., consummation of the transaction between ITCD and NT Corp. will depend in part on their approval.

(10) Only standard streamlined processing of this domestic section 214 transfer of control application is sought pursuant to section 63.03.

(11) No waiver requests are being filed in conjunction with the transaction.

(12) As discussed in section I above, grant of this Application will strengthen ITCD and its operating subsidiaries, on the one hand, and NTC, on the other hand, by creating a stronger competitor in the local exchange, interexchange, and international telecommunications markets. Applicants anticipate that the transfer of control will enhance competition and provide benefits, such as superior customer service and expanded service offerings, to customers. As discussed more fully below, grant of the Application will not adversely affect consumers. Accordingly, grant of the Application will serve the public interest, convenience, and necessity.

Following consummation of the transaction described herein, FiberNet, BTI, DeltaCom and NTC (the "Companies") will continue to compete in the local and long distance retail and wholesale telecommunications markets. Although the local and long distance operations of the Companies overlap in six states (Alabama, Florida, Georgia, Louisiana, North Carolina, and Tennessee), each company will continue to face significant competition from incumbent local exchange carriers, such as BellSouth and Verizon, larger long distance competitors, and other providers of communications services, such as wireless and cable providers.

ITCD, through its three operating subsidiaries, FiberNet, BTI and DeltaCom, provides integrated telecommunications and technology services to businesses and consumers in the southeastern United States. ITCD currently has a fiber optic network spanning approximately 14,500 route miles, including more

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<sup>8</sup> ITCD, FDN Inc., and other related parties currently with this filing have submitted a Joint International and Domestic Application for Transfer of Control of certain section 214 licenses, as well as an application seeking Commission consent to transfer control of certain earth station licenses held by DeltaCom.



than 10,900 route miles of owned fiber, and offers a comprehensive suite of voice and data communications services, including local, long distance, enhanced data, Internet, colocation, and managed services, and sells customer premises equipment to end-user customers. ITCD operates approximately 30 voice switches and 75 data switches, and is one of the largest competitive telecommunications providers in its primary eight-state region. ITCD's presence in Florida and Georgia is expected to grow following consummation of its acquisition of FDN Inc.

NTC serves more than 17,000 small business customers with phone and Internet services, including local, long distance, high-speed Internet, web-hosting, data back-up, virtual private networking service, and conferencing. NTC operates primarily in the southern portion of the United States.

The ITCD operating subsidiaries and NTC are each non-dominant carriers in the provision of local and long distance services. Although the ITCD operating subsidiaries and NTC have overlapping operations in six states, the services each offers differ and substantial competition exists in those markets. Specifically, in addition to the incumbent local exchange companies, numerous other competitive local exchange providers actively sell services in those markets, as indicated in the chart below:

State	Number of LECs
Alabama	8
Florida	26
Georgia	21
Louisiana	10
North Carolina	16
Tennessee	12

\* Source: FCC, Local Telephone Competition, Table 12 (as of December 31, 2003)

Thus, placing these carriers under common ownership raises no competitive issues. The entities will continue to be small, non-dominant carriers that must compete against much larger, and in some cases dominant, competitors. In no event will the Companies be able to exercise market power to the detriment of consumers. Accordingly, grant of this application will serve the public interest, convenience, and necessity.

**IV. CONCLUSION**

For the foregoing reasons, this Application respectfully requests that the Commission consent to the change in control of NTC that will result from ITC's acquisition of NT Corp.

Respectfully submitted,

ITC^DELTACom, INC.,  
INTERSTATE FIBERNet, INC.,  
BUSINESS TELECOM, INC., AND  
ITC^DELTACom COMMUNICATIONS,  
INC.

NETWORK TELEPHONE CORPORATION

By: J. Thomas Mullis  
J. Thomas Mullis  
Senior Vice President - Legal and  
Regulatory

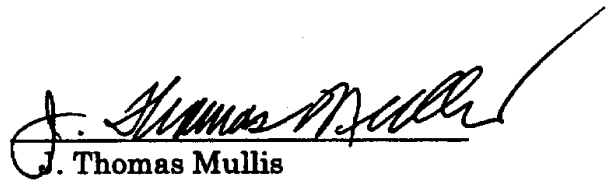
By: Danyelle Kennedy  
Danyelle Kennedy  
Chief Financial Officer

Dated: 10/1, 2004

**Verification**

I, J. Thomas Mullis, hereby certify under penalty of perjury that I am Senior Vice President—Legal & Regulatory of ITC^DeltaCom, Inc., Interstate FiberNet, Inc., BTI Telecom Corp., and ITC^DeltaCom Communications, Inc.; and that the information provided in the foregoing application related to these entities is true and correct to the best of my knowledge, information and belief.

By:




J. Thomas Mullis  
ITC^DeltaCom, Inc.  
7037 Old Madison Pike, Suite 400  
Huntsville, AL 35806

Executed on 9/23, 2004.

### Verification

I, Danyelle Kennedy, hereby certify under penalty of perjury that I am Chief Financial Officer of Network Telephone Corporation; and that the information provided in the foregoing application related to this entity is true and correct to the best of my knowledge, information and belief.

By:

  
Danyelle Kennedy  
Network Telephone Corporation  
3300 North Pace Boulevard  
Pensacola, FL 32350

Executed on October 1 2004.